

Committed to high standards of corporate governance



The Board takes overall responsibility for the Group's governance framework, its culture and its values."

Ed Williams
Chairman

I am pleased to introduce our corporate governance statement which incorporates reports from the Chairmen of each of our Board Committees. These reports explain our governance policies and procedures in detail and describe how we have applied the principles of corporate governance contained in the UK Corporate Governance Code 2014 (the 'Code').

Compliance with the Corporate Governance Code

The Company complied with all provisions set out in the Code for the period.

Directors

We continually review the composition of the Board to ensure that it has the skills, experience and balance required for the proper stewardship of the business. With effect from 1 April 2017, we were pleased to appoint Nathan Coe as an Executive Director, in the role of Chief Operating Officer. Nathan has been central in shaping Auto Trader into one of the UK's leading digital businesses, and the creation of the Board-level role of Chief Operating Officer reflects our confidence in his abilities and strong leadership qualities.

We have three independent Non-Executive Directors, who bring with them significant commercial and financial expertise and are well placed to support the Executive Team in implementing our strategy. With Nathan's appointment, we now have three Executive Directors and therefore we continue to comply with the relevant provision of the Code for at least half of the Board to be independent, excluding myself.

All Directors will offer themselves for election or re-election by the shareholders at the forthcoming AGM.

**Report of the Nomination Committee** **page 54****Report of the Audit Committee** **page 56****Directors' remuneration report** **page 60**

Committees of the Board

The Board has established the following Committees and has delegated certain functions and tasks within their approved Terms of Reference. This allows the Board to operate efficiently and focus on relevant areas of its responsibilities.

The membership of each Committee and a summary of its role is below. The full Terms of Reference of each Committee are published on the Company's website at about-us.autotrader.co.uk/investors

Board

Nomination Committee	Audit Committee	Remuneration Committee	Disclosure Committee
<p>Members</p> <ul style="list-style-type: none"> - Ed Williams (Chairman) - David Keens - Jill Easterbrook - Jeni Mundy 	<p>Members</p> <ul style="list-style-type: none"> - David Keens (Chairman) - Jill Easterbrook - Jeni Mundy 	<p>Members</p> <ul style="list-style-type: none"> - Jill Easterbrook (Chairman) - David Keens - Jeni Mundy 	<p>Members</p> <ul style="list-style-type: none"> - Trevor Mather - Sean Glithero - Nathan Coe - Claire Baty
<p>Role and Terms of Reference</p> <p>Reviews the structure, size and composition of the Board and its Committees, and makes appropriate recommendations to the Board.</p>	<p>Role and Terms of Reference</p> <p>Reviews and reports to the Board on the Group's financial reporting, internal control, whistleblowing, internal audit and the independence and effectiveness of the external auditors.</p>	<p>Role and Terms of Reference</p> <p>Responsible for all elements of the remuneration of the Executive Directors and the Chairman, and senior employees.</p>	<p>Role and Terms of Reference</p> <p>Assists the Board in discharging its responsibilities relating to monitoring the existence of Inside Information and its disclosure to the market.</p>

[Read more on page 54.](#)

[Read more on page 56.](#)

[Read more on page 60.](#)

about-us.autotrader.co.uk/investors

Board effectiveness

Our annual Board, Committee and Director evaluation was carried out internally this year and confirmed to us that the Board and Committees are operating smoothly and that each Director continues to be effective. Further details can be found on page 52. Next year, as recommended by the Code, we intend our Board evaluation to be externally facilitated.

Diversity and inclusion

We are committed to achieving a diverse Board and workforce, and believe in the benefits that diversity of gender, ethnicity, background and experience bring. We have this year established a Diversity & Inclusion working group and have added to our Nomination Committee Terms of Reference the responsibility to oversee the progress in this important area. With two of our Directors being female, we also continue to achieve our internal target of at least 25% female Board representation.

Culture

Governance is not just about processes and structure. A culture of transparency and openness is an essential part of a robust governance framework, and underpins everything that we do as a Board, as individual Directors, and in how our business operates. More details on Auto Trader's values and culture, and how these are embedded in the wider organisation, are included in the CSR section on page 37.

Annual General Meeting

Our Annual General Meeting will be held at 10.00am on 21 September 2017 at 1 Tony Wilson Place, Fourth Floor, Manchester, M15 4FN. We expect that all Directors will be in attendance.

Ed Williams

Chairman
8 June 2017





Ed Williams

Chairman

Biography and experience

Ed has been a Non-Executive Director of Auto Trader since November 2010 and Chairman since March 2014. He was the founding Chief Executive of Rightmove plc, serving in that capacity from November 2000 until his retirement from the business in April 2013. Rightmove plc was floated on the London Stock Exchange in February 2006. Prior to Rightmove, Ed spent the majority of his career as a management consultant with Accenture and McKinsey & Co. Ed holds an MA in Philosophy, Politics and Economics from St Anne's College, Oxford.

Appointed to Board

Independent on appointment

External appointments

Committee memberships

November 2010.

Yes.

Idealista S.A.

Nomination (Chairman).

Jeni Mundy

Independent
Non-Executive Director

Jeni was appointed as a Non-Executive Director on 1 March 2016. Jeni is the Enterprise Product Director for Vodafone Group and is responsible for the strategy, delivery and lifecycle management of the business product portfolio worldwide. Jeni started her career as a Radio Engineer with BellSouth in New Zealand and has been with Vodafone since 1998. Her roles have included five years as Chief Technology Officer ('CTO') in New Zealand managing IT and the mobile network, five years as the Vodafone UK CTO and a year leading the Northern Europe Sales team for multinational customers. Jeni holds an MSc in Electronic Engineering from the University of Wales.

March 2016.

Yes.

None.

Remuneration, Nomination, Audit.

Nathan Coe

Chief Operating Officer

Nathan was appointed to the Board as Chief Operating Officer ('COO') in April 2017. Nathan joined Auto Trader in 2007 to oversee the transition from a magazine business to being a pure digital company. He was responsible for launching a number of new business areas, and led the Company's early entry and subsequent growth in mobile and online. For the past two years, Nathan has been the joint Operations Director, sharing responsibility for the day-to-day operations of the business. Prior to joining Auto Trader, Nathan was at Telstra, Australia's leading telecommunications company, where he led Mergers and Acquisitions and Corporate Development for its media and internet businesses. He was previously a consultant at PwC, having graduated from the University of Sydney with a B.Com. (Hons).

April 2017.

N/A.

None.

Disclosure Committee.



David Keens

Senior Independent
Non-Executive Director

David was appointed as a Non-Executive Director on 1 May 2015. David was previously Group Finance Director of NEXT plc (1991 to 2015) and its Group Treasurer (1986 to 1991). Previous management experience includes nine years in the UK and overseas operations of multinational food manufacturer Nabisco (1977 to 1986) and prior to that seven years in the accountancy profession. David is a member of the Association of Chartered Certified Accountants and of the Association of Corporate Treasurers.

May 2015.

Yes.

J Sainsbury plc.

Audit (Chairman),
Nomination, Remuneration.

Sean Glithero

Chief Financial Officer

After qualifying as a chartered accountant with Ernst & Young, working within both the audit and corporate finance departments, Sean worked in the telecoms industry and for the FTSE 100 company BPB plc, before joining Auto Trader as Group Financial Controller in 2006. He has since held various group and divisional roles in the business, helping the business reshape through acquisitions and disposals as well as aiding the transition online through restructuring and realignment programmes. Sean was appointed Chief Financial Officer in September 2012 and has led two major re-financings and also has responsibility for customer security, legal services and procurement. Sean holds a BA (Hons) in Accountancy from Exeter University.

September 2012.

N/A.

None.

Disclosure Committee.

Jill Easterbrook

Independent
Non-Executive Director

Jill was appointed as a Non-Executive Director to the Board on 1 July 2015. Jill is currently the CEO of Boden, following her appointment in February 2017. Jill was previously a member of the executive committee at Tesco PLC where she was most recently the Group Business Transformation Director. She joined Tesco in 2001 and held a variety of strategic and operational leadership roles. She has run a number of multichannel businesses within Tesco including UK and ROI Clothing and the Developing Businesses division. Jill started her career at Marks & Spencer in buying and merchandising and also spent time as a management consultant with Cap Gemini Ernst & Young.

July 2015.

Yes.

Boden Limited.

Remuneration (Chairman),
Nomination, Audit.

Trevor Mather

Chief Executive Officer

Trevor joined Auto Trader as Chief Executive Officer in June 2013. Previously, Trevor was President and CEO of ThoughtWorks, a global IT and software consulting company. Trevor joined ThoughtWorks in 2001, to kick-start the UK branch of the company and then took responsibility for all international operations before becoming CEO in 2007. He helped oversee the business grow from a 300 person North American company to a 2,200 person global business with operations in 29 cities around the world with a particular personal focus on helping businesses become truly digital. Before his time at ThoughtWorks, Trevor spent almost 10 years at Andersen Consulting (now Accenture) focusing on e-business solutions. Trevor holds an MEng in Aeronautics and Astronautics from Southampton University.

June 2013.

N/A.

None.

Disclosure Committee.

The dates of appointment shown are the dates on which the Directors were first appointed to the Board of Auto Trader Group plc or the Group's previous parent company, Auto Trader Holding Limited.

This corporate governance statement explains key features of the Company's governance framework and how it complies with the UK Corporate Governance Code published in 2014 by the Financial Reporting Council.

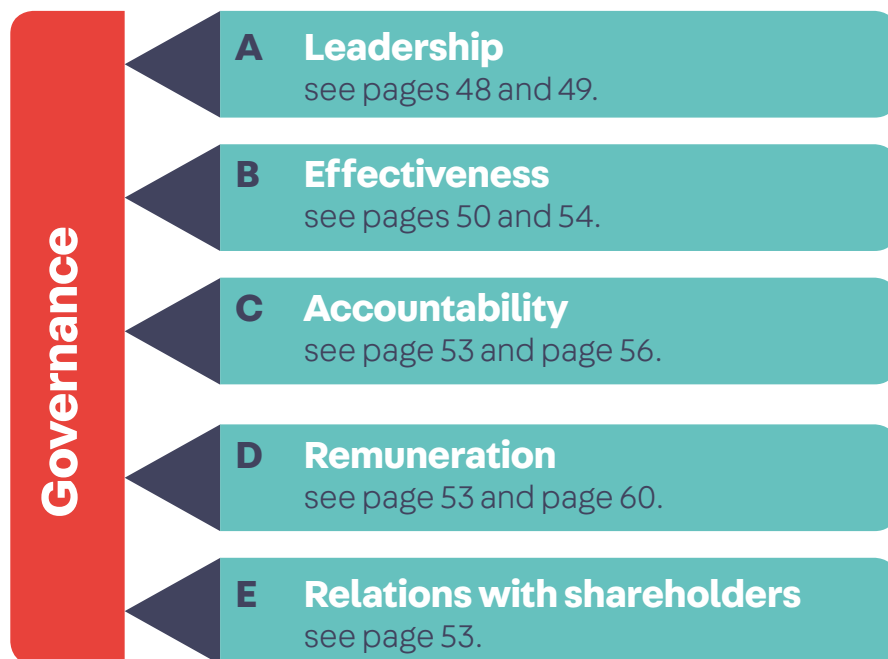
Introduction

This statement also includes items required by the Listing Rules and the Disclosure Guidance and Transparency Rules ('DTRs'). The UK Corporate Governance Code (the 'Code') is available on the Financial Reporting Council website at frc.org.uk

Compliance with the 2014 Code

The Company has complied in full with all provisions of the 2014 Corporate Governance Code during the year.

This report is structured to follow each of the sections of the Code:



A Leadership

Board and Committee meetings and attendance

Board meetings are planned around the key events in the corporate calendar including the half-yearly and final results and the Annual General Meeting ('AGM'), and a strategy meeting is held each year.

In months where there is no Board meeting, a financial update call is held at which the Board discusses results with operational management. There is also an annual day of "dual calling" where Directors accompany the sales force on their site visits to customers.

During the year, the Chairman and Non-Executive Directors have met without Executive Directors present. In addition, the Non-Executive Directors have met without the Chairman and the Executive Directors present.

Board responsibilities

The Board has adopted a formal schedule of matters reserved for its approval and has delegated other specific responsibilities to its Committees. The schedule sets out key aspects of the affairs of the Company which the Board does not delegate. It is reviewed at least annually, and is published on our website at about-us.autotrader.co.uk/investors

Refer to page 49 for a summary of these matters.

Insurance

The Company maintains appropriate insurance to cover Directors' and officers' liability for itself and its subsidiaries and such insurance was in force for the whole of the financial year ending 31 March 2017.

	Board	Audit	Remuneration	Nomination
Number of scheduled meetings held	8	3	4	1
Director				
Ed Williams	8	n/a	n/a	1
Trevor Mather	8	n/a	n/a	n/a
Sean Glithero	8	n/a	n/a	n/a
David Keens	8	3	4	1
Jill Easterbrook	8	3	4	1
Jeni Mundy	8	3	4	1

Board roles

To ensure a clear division of responsibility at the head of the Company, the positions of Chairman and Chief Executive Officer are separate and not held by the same person.

The division of roles and responsibilities between the Chairman and the Chief Executive Officer is set out in writing and has been approved by the Board.

David Keens is the Senior Independent Director.

Chairman

- Leadership and governance of the Board.
- Creating and managing constructive relationships between the Executive and Non-Executive Directors.
- Ensuring ongoing and effective communication between the Board and its key shareholders.
- Setting the Board’s agenda and ensuring that adequate time is available for discussions.
- Ensuring the Board receives sufficient, pertinent, timely and clear information.

Chief Executive Officer

- Responsible for the day-to-day operations and results of the Group.
- Developing the Group’s objectives and strategy and successful execution of strategy.
- Responsible for the effective and ongoing communication with shareholders.
- Delegates authority for the day-to-day management of the business to the Operational Leadership Team (comprising the Executive Directors and senior management) who have responsibility for all areas of the business.

Non-Executive Directors

- Scrutinise and monitor the performance of management.
- Constructively challenge the Executive Directors.
- Monitor the integrity of financial information, financial controls and systems of risk management.

Senior Independent Director

- Acts as a sounding board for the Chairman.
- Available to shareholders if they have concerns which the normal channels through the Chairman, Chief Executive Officer or other Directors have failed to resolve.
- Meets with the other Non-Executive Directors without Executive Directors present.
- Leads the annual evaluation of the Chairman’s performance.

Company Secretary

- Available to all Directors to provide advice and assistance.
- Responsible for providing governance advice.
- Ensures compliance with the Board’s procedures, and with applicable rules and regulations.
- Acts as secretary to the Board and all Committees.

Board responsibilities

Providing leadership for the long-term success of the Group

- Overall authority for the management and conduct of the Group’s business, strategy, objectives and development.
- Monitoring delivery of business strategy and objectives; responsibility for any necessary corrective action.
- Oversight of operations including effectiveness of systems of internal controls and risk management.
- Approval of changes to the capital, corporate and/or management structure of the Group.
- Approval of the Annual Report and Financial Statements, communications with shareholders and the wider investment community.
- Approval of the dividend policy.

B Effectiveness

Board composition, balance and independence

At the date of this report, the Board consists of the Non-Executive Chairman, three Independent Non-Executive Directors and three Executive Directors.

All of the Non-Executive Directors (David Keens, Jill Easterbrook and Jeni Mundy) are considered to be independent in character and judgement, and free of any business or other relationship which could materially influence their judgement. Ed Williams was considered to be independent on appointment. The Chairman's fees and the Non-Executive Directors' fees are disclosed on pages 62 and 67, and they received no additional remuneration from the Company during the year.

Therefore, at 31 March 2017 and to the date of this report, the Company is compliant with the Code provision that at least half the Board, excluding the Chairman, should comprise Independent Non-Executive Directors.

The Board and its Committees have an appropriate balance of skills, experience and knowledge of the Group to enable them to discharge their respective duties and responsibilities effectively in accordance with main principle B.1 of the Code. Biographies of all members of the Board appear on pages 46 and 47.

Appointments to the Board

The Board has established a Nomination Committee, chaired by Ed Williams with all other members comprising Independent Non-Executive Directors, and one of the main responsibilities of this Committee is to identify and nominate candidates for appointment as Directors to the Board. The work of the Committee is described on pages 54 and 55.

Non-Executive appointments to the Board are for an initial term of up to three years. Non-Executive Directors are typically expected to serve two three-year terms, although the Board may invite the Director to serve for an additional period.

Letters of appointment

The Chairman and the Non-Executive Directors have letters of appointment which are available for inspection at the registered office of the Company during normal business hours and at the place of the AGM from at least 15 minutes before and until the end of the meeting. These letters set out the expected time commitment from each Director.

External directorships

Any external appointments or other significant commitments of the Directors require the prior approval of the Board. None of the Executive Directors have any external directorships as at the date of this report. The Board is comfortable that external appointments of the Chairman and the Non-Executive Directors do not impact on the time that any Director devotes to the Company.

In accordance with the Company's Articles of Association, the Board has a formal system in place for Directors to declare conflicts of interests and for such conflicts to be considered for authorisation.

Induction and development

All newly appointed Directors receive an induction briefing on their duties and responsibilities as Directors of a publicly quoted company. There is a formal induction programme to ensure that newly appointed Directors familiarise themselves with the Group and its activities, either through reading, meetings with the relevant member of senior management or through sessions in the Board meetings.

Each Board meeting contains a presentation from senior management on one of the operating priorities for the year. Specific business-related presentations are given to the Board by senior management and external advisors when appropriate – refer to the table of activities on page 51.

All Directors are offered the opportunity to meet with customers and take part in sales calls to understand the business from a customer's perspective. There is a formal day of "dual calling" where Board members accompany the sales force on their visits to customers. All Directors now receive a weekly newsletter from our sales and service team to ensure they are kept informed of the latest customer dialogue and sentiment.

The Board as a whole is updated, as necessary, in light of any governance developments as and when they occur, and there is an annual Legal and Regulatory Update provided as part of the Board meeting. All Directors are required to complete our annual compliance training modules covering anti-bribery, anti-money laundering, data protection and information security.

As part of the Board evaluation, the Chairman meets with each Director to discuss any individual training and development needs.

Information and support available to Directors

Full and timely access to all relevant information is given to the Board. For Board meetings, this consists of a formal agenda, minutes of previous meetings and a comprehensive set of papers including regular operational and financial reports, provided to Directors in a timely manner in advance of meetings.

All of the Directors have the right to have their opposition to, or concerns over, any Board decision noted in the minutes. Directors are entitled to take independent professional advice at the Company's expense in the furtherance of their duties, where considered necessary.

All Directors have access to the advice and services of the Company Secretary, Claire Baty.

Election of Directors

The Board can appoint any person to be a Director, either to fill a vacancy or as an addition to the existing Board. Any Director so appointed by the Board shall hold office only until the next AGM and shall then be eligible for election by the shareholders.

Board and Committee activities in 2017

	Strategy	Operational	Financial	People	Shareholders	Risk and governance	
	Regular reports received						
		Monthly operational report with key achievements and issues in the month, view of the industry, competitors and customers.	Monthly financial report with results, KPIs, outturn and external view. Quarterly share buyback programme.	Monthly report of people changes, recruitment, resourcing needs and employee engagement.	Regular feedback from investor meetings. Quarterly shareholder analysis.	Approval of material contracts. Governance and regulatory updates.	
2016	April	2017 operating priority: Increase consumer audience, advert views and use of our valuations tools.				Annual review of governance framework. Business continuity planning and disaster recovery.	
	June	2017 operating priority: Extend the penetration of products outside of our core classified proposition.	Approval of Annual Report and Preliminary Results Announcement.	Approval targets for female representation on Board. Bonus approval for 2016 PSP targets and grants.	Approval of Group's capital structure and the dividend policy. Approval of final dividend.	Review and approval of Group risk register. Review and approval of viability statement.	
	July	2017 operating priority: Promote trust and fairness in the marketplace.	Review of our selling pillar products and upcoming changes.			Reviewed feedback from analysts and investors from results roadshow.	Market Abuse Regulation and implementation.
	September	2017 operating priority: Enhance our relevance and value to manufacturers. IT strategy, systems and cyber risks.	Singleview sales system project.			Reviewed feedback from investors and proxy advisory agencies in advance of Annual General Meeting.	Review and approval of Modern Slavery Statement.
	October	Strategy off-site including customer visits. Pricing and product strategy for 2018. 2017 operating priority: Operate a simpler, leaner and more data-oriented business.			Diversity and inclusion. Succession planning.		Appointment of Company Secretary.
	November		Review of new car opportunities.	Approval of half-yearly report. Approval of interim dividend.			Review and approval of Group risk register.
	February	2018 Operating plan.		Review of tax compliance.			Legal and regulatory update. Review of internal control framework.
2017	March	2018 operating priority: Grow ARPR in a balanced, sustainable way by creating value for our customers. Acquisition of Motor Trade Delivery Limited	2018 Financial plan.	Salary reviews and bonus targets for 2018. Launch of SAYE plan for 2018. Appointment of Nathan Coe as Director.			

Board evaluation and effectiveness

A formal internal evaluation of the Board, Committees and individual Directors has taken place during the year.

This included the completion of a detailed questionnaire by each of the Board Directors, covering the Board’s role, knowledge and skills, Board meetings and information flows, Board composition, succession planning, risk management, relations with shareholders and each of the Board Committees.

The results were reviewed by the Chairman and the principal findings were fed back to the Board in March 2017. The review also covered the progress made on the points raised in the previous year’s evaluation.

Actions arising from the 2016 review

Reviewing the level of information presented in Board papers.	The format of the monthly operational and financial Board report has been changed to make it clearer and more concise. Board papers are reviewed to ensure that they are free from jargon and focus on the key issues.
Increasing exposure between Board members and operational management outside Board meetings.	Pre-meetings are arranged before Board meetings for the Non-Executive Directors to meet with members of senior management, either as part of ongoing induction and education, or to focus on a particular project or product launch.
Formalising the induction process and setting in place formal Board training and development plans.	A formal induction programme has been designed, comprising reading of materials and meetings with various Key Management. Where areas are not already covered as part of the Board meetings, separate sessions are arranged. Regular updates have been provided to the Board where relevant (e.g. Market Abuse Directive, Modern Slavery Act, Gender Pay Gap) and there is annual face-to-face training with our corporate lawyers. All Directors are required to complete our annual compliance training programme. In addition, a wealth of information is made available on the Board Portal and through our online Learning and Knowledge Hubs.
Continuing to increase the Board’s understanding of the views of major shareholders.	Updates are provided to the Board after each key investor event including conferences and the investor roadshows at half-year and year end. The Chairman has attended meetings with investors and at Group conferences.

Actions arising from the 2017 review

Reviewing the format of Board papers and meetings to ensure the right balance between presentation and discussion.	A standard format has been agreed for presentations from senior management so that the sessions can focus more on discussion and debate.
Increasing informal contact between Board members outside of Board meetings.	More opportunities for informal contact have been arranged between Board members, and also the Non-Executive Directors continue to meet regularly with members of senior management.
Deepening the Board’s understanding of the views and perspective of our customers.	The Board already takes part in an annual day of dual calling, visiting some of our customers with a member of the sales team. This year, the Board will also be offered the opportunity to take part in call listening, and now receive a weekly roundup of customer views and issues from our sales and service team.
Continuing to enhance the Board’s understanding of the views of major shareholders.	Updates will continue to be provided to the Board after each key investor event. All Directors will be invited to the analyst presentations and group sales meetings.

In addition, an assessment of the Chairman’s performance was carried out, led by the Senior Independent Director, and feedback was provided to him individually.

Overall, the results showed that the Board and its Committees continue to operate well, and that each individual Director continues to make an effective contribution.

In the next financial year, we intend our Board evaluation to be externally facilitated.

C Accountability

The Board has established an Audit Committee, chaired by David Keens and comprised entirely of Independent Non-Executive Directors. The Committee has defined Terms of Reference which include assisting the Board in discharging many of its responsibilities with respect to financial and business reporting, risk management and internal control. The work of the Committee is described on pages 56 to 59.

Financial and business reporting

Assisted by the Audit Committee, the Board has carried out a review of the 2017 Annual Report and considers that, in its opinion, the report is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's performance, business model and strategy. Refer to the Audit Committee Report on page 58 for details of the review process.

See pages 10 to 13 in the Strategic report for a description of our business model, strategy and operating priorities.

See page 32 for the Board's statement on going concern and the viability statement.

Risk management and internal control

The Company does not have a separate Risk Committee; the Board is collectively responsible for determining the nature and extent of the principal risks it is willing to take in achieving its strategic objectives. The processes in place for assessment, management and monitoring of risks are described in a separate section on pages 30 to 31.

The Board acknowledges its responsibility for establishing and maintaining the Group's system of risk management and internal controls and it receives regular reports from management identifying, evaluating and managing the risks within the business. The system of internal controls is designed to manage, rather than eliminate, the risk of failure to achieve business objectives and can provide only reasonable and not absolute assurance against material misstatement or loss. The Audit Committee reviews the system of internal controls through reports received from management, along with others from internal and external auditors. Management continues to focus on how internal controls and risk management can be further embedded into the operations of the business and on how to deal with areas of improvement which come to the attention of management and the Board.

The Board, assisted by the Audit Committee, has carried out a review of the effectiveness of the system of risk management and internal controls during the year ended 31 March 2017 and for the period up to the date of approval of the consolidated financial statements contained in the Annual Report. The review covered all material controls, including financial, operational and compliance controls and risk management systems. The Board considered the weaknesses identified and reviewed the developing actions, plans and programmes that it considered necessary. The Board confirms that no significant weaknesses or failings were identified as a result of the review of effectiveness.

D Remuneration

The Board has established a Remuneration Committee, chaired by Jill Easterbrook and comprised entirely of Independent Non-Executive Directors. The work of the Committee is described on pages 60 to 68.

E Relations with shareholders

200+

meetings or calls with investors and analysts during the year.

The Board has a comprehensive investor relations programme to ensure that existing and potential investors understand the Company's strategy and performance. As part of this programme, the Executive Directors give formal presentations to investors and analysts on the half-year and full-year results in November and June respectively. These updates are posted on the Group's website and are available to all shareholders. In response to feedback from analysts and investors, the half-year results in November 2016 were audicast and the full-year results in June 2017 were webcast for the first time.

The results presentations are followed by formal investor roadshows in the UK and overseas.

All announcements, investor presentations and the Annual Report are on the Company's website about-us.autotrader.co.uk/investors

There is also an ongoing programme of attendance at conferences, one-to-one meetings and group meetings with institutional investors, fund managers and analysts. These meetings cover a wide range of issues, including strategy, performance and governance, but care is exercised to ensure that any price-sensitive information is released to all shareholders, institutional and private, at the same time. Meetings which relate to governance are attended by the Chairman or another Non-Executive Director as appropriate. Private shareholders are encouraged to give feedback and communicate with the Board through ir@autotrader.co.uk

The Board receives regular reports on issues relating to share price, trading activity and movements in institutional investor shareholdings. The Board is also provided with current analyst opinions, forecasts and feedback from its joint corporate brokers, Bank of America, Merrill Lynch and Numis, on the views of institutional investors on a non-attributed and attributed basis, and on the views of analysts from its Finance PR agency, Powerscourt. Any major shareholders' concerns are communicated to the Board by the Executive Directors.

The Chairman, the Senior Independent Director and other Non-Executive Directors are available to meet with shareholders and arrangements can be made through the Company Secretary.

Annual General Meeting

The AGM of the Company will take place at 10.00 am on Thursday 21 September 2017 at the Company's registered office at 1 Tony Wilson Place, Fourth Floor, Manchester, M15 4FN. All shareholders have the opportunity to attend and vote, in person or by proxy, at the AGM.

All proxy votes received in respect of each resolution at the AGM are counted and the balance for and against, and any votes withheld, are indicated. At the meeting itself, voting on all the proposed resolutions is conducted on a poll rather than a show of hands, in line with recommended best practice. The Chairman, the Chair of each of the Committees and the Executive Directors are present at the AGM and available to answer shareholders' questions.

The Notice of the AGM can be found in a booklet which is being mailed out at the same time as this Report. The Notice of the AGM sets out the business of the meeting and an explanatory note on all resolutions. Separate resolutions are proposed in respect of each substantive issue. Results of resolutions proposed at the AGM will be published on the Company's website about-us.autotrader.co.uk/investors following the AGM.



Ed Williams

Chairman of the
Nomination Committee

- Composed of the Chairman and three Independent Non-Executive Directors.
- At least one meeting held per year.
- Meetings are attended by the Chief Executive Officer and other relevant attendees by invitation.
- For more information on the Committee's Terms of Reference visit about-us.autotrader.co.uk/investors

One meeting was held during the year:

	Meetings attended/ total meetings held	Percentage of meetings attended
Ed Williams (Chairman)	1/1	100%
David Keens	1/1	100%
Jill Easterbrook	1/1	100%
Jeni Mundy	1/1	100%

Our progress in 2017

- Succession planning review.
- Focus on diversity and inclusion.
- Appointment of Nathan Coe as Chief Operating Officer.

In 2018 we will

- Continue to monitor Board and senior management succession in the context of the Company's long-term strategy.
- Support management and the Board in promoting diversity in senior management and across the workforce.

Dear shareholders,

I am pleased to present the Report of the Nomination Committee for 2017, which has been a year of consolidation following the appointment of three new Independent Non-Executive Directors in the previous year.

Role of the Committee

The Committee reviews the structure, size and composition of the Board and its Committees, and makes appropriate recommendations to the Board for appointments to the Board.

How the Committee operates

All members of the Committee are independent Non-Executive Directors. The Chairman of the Board chairs all meetings of the Committee unless they relate to the appointment of his successor; for these meetings, the Senior Independent Director ('SID') is invited to take the Chair unless the SID is in contention for the role.

The Committee meets at least annually, and on an ad hoc basis as required throughout the year. Only members of the Committee have the right to attend meetings, however, the Chief Executive Officer attends for all or part of meetings so that the Committee can understand his views, particularly on key talent within the business.

Succession planning

Effective succession planning is critical to the long-term success of the Company. The continual review of succession plans continued in the year to ensure that arrangements are in place for orderly succession in the context of the Group's strategy for the Board and senior management.

The Board recognises the importance of developing our employees in relation to succession planning for senior positions. The succession planning review included a review of the development plans for the senior management team in order to recognise and grow our internal talent.

Appointment of Executive Director

During the year, the Committee recommended the appointment of Nathan Coe as an Executive Director. All members of the Board met with Nathan and were pleased to welcome him to the Board with effect from 1 April 2017.

Policy on appointments to the Board

The most important priority of the Committee has been, and will continue to be, ensuring that members of the Board should collectively possess the broad range of skills, expertise and industry knowledge, and business and other experience necessary for the effective oversight of the Group.

Appointments are made on merit, against objective criteria and with due regard to the benefits of diversity on the Board. The Committee takes account of a variety of factors before recommending any new appointments to the Board, including relevant skills to perform the role, experience, knowledge and diversity, including gender diversity.

In 2016, we adopted a target of female representation on our Board of 25%, and we continue to meet this target, as two of our seven Board members are female.

Diversity and inclusion

The Committee has always had a responsibility to take account of diversity when considering the size, structure and composition of the Board and the senior management team. However, recognising the importance of this issue, the Committee's Terms of Reference now include the responsibility to oversee diversity and inclusion across the whole Group.

We acknowledge the recommendations of the Hampton-Alexander Review. The Board is committed to strengthening female representation at senior management level but formal targets have not been set - instead, through our Diversity & Inclusion Working Group, we have sought to take positive steps to address the underlying challenges facing all under-represented groups within our workforce and senior management teams, including differences of gender, race, ethnic origin, age, disability and sexual orientation. We are proud of the progress made during the year by our Diversity & Inclusion Working Group, which is covered in more detail on page 38.

Independence and re-election to the Board

In accordance with the UK Corporate Governance Code, all Directors will retire and offer themselves for election or re-election to the Board.

The Directors who have been in post throughout the year have been subject to a formal evaluation process, and both the Committee and the Board are satisfied that all Directors continue to be effective in, and demonstrate commitment to, their respective roles on the Board and that each makes a valuable contribution to the leadership of the Company.

The Board therefore recommends that shareholders approve the resolutions to be proposed at the 2017 AGM relating to the election and re-election of the Directors.

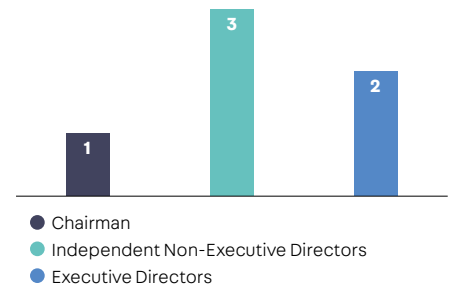
I will be available at the AGM to answer any questions on the work of the Committee.

Ed Williams

Chairman of the Nomination Committee
8 June 2017

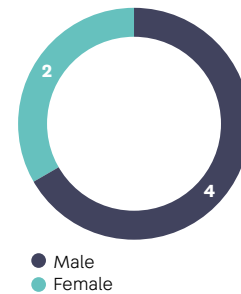
Board composition¹

As at 31 March 2017



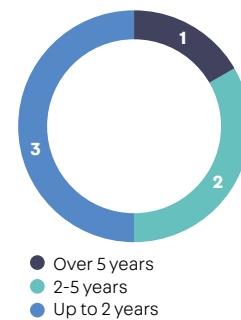
Board diversity¹

As at 31 March 2017



Board tenure¹

As at 31 March 2017



¹ Nathan Coe was appointed, as an Executive Director, with effect from 1 April 2017.



David Keens

Chairman of the Audit Committee

- Composed of three Independent Non-Executive Directors.
- David Keens is considered by the Board to have recent and relevant experience. Other members have a wide range of business experience.
- At least three meetings held per year.
- Meetings are attended by the Chief Financial Officer, Chief Executive Officer, internal auditors and external auditors by invitation.
- For more information on the Committee's Terms of Reference visit about-us.autotrader.co.uk/investors

Three meetings were held during the year:

	Meetings attended/ total meetings held	Percentage of meetings attended
David Keens (Chairman)	3/3	100%
Jill Easterbrook	3/3	100%
Jeni Mundy	3/3	100%

Our progress in 2017

- Transition from PwC to KPMG as new external auditor.
- Review of change from 52 week to annual accounting, and the prospective change from Underlying operating profit to Operating profit measure.
- Continued focus on key areas of judgement, risk and controls.
- Review of effectiveness of internal audit function.

In 2018 we will

- Agree with KPMG any changes for their 2018 audit.
- Review the integration and performance of Motor Trade Delivery, acquired in April 2017.
- Consider the impact on the Company of political and regulatory changes.

Dear shareholders,

I am pleased to introduce the Audit Committee Report for 2017.

The Committee operates under defined Terms of Reference and assists the Board in discharging many of its responsibilities over monitoring the integrity of the Group's financial reporting; the effectiveness of the internal control and risk management framework; the internal audit function; and the independence and effectiveness of the external auditors. The Committee is comprised entirely of Independent Non-Executive Directors, all of whom have significant commercial and operating experience in consumer and digital businesses; and I fulfil the requirement for a Committee member to have recent and relevant financial experience.

The Committee met three times during the year, arranged around our external reporting and audit cycle, and with attendance by the CFO and other members of management and with representation from KPMG and Deloitte. The Committee reviewed significant accounting matters with an appropriate level of challenge and debate. We believe that the information in this Annual Report clearly explains progress against our strategic and operating objectives and is fair, balanced and understandable.

The Committee plays a key role in ensuring that we continue to have a robust internal control and risk management process. Our internal audit function is outsourced to Deloitte LLP, who continue to provide us with specialist expertise in delivering a risk-based rolling review programme.

During the year, the Audit Quality Review team of the Financial Reporting Council ('FRC') reviewed PwC's (our outgoing auditors) audit of the Group's March 2016 financial statements. The FRC have given us a copy of their report, which has been reviewed by the Committee and discussed with PwC. The report does not give the Committee any concerns over the quality, objectivity or independence of the audit.

At the 2016 AGM, shareholders approved the Board's recommendation to appoint KPMG LLP as our new external auditors. The transition has gone smoothly and we have already developed an effective working relationship with the KPMG team, which we look forward to continuing in future years.

David Keens

Chairman of the Audit Committee
8 June 2017

Financial reporting

The primary role of the Committee in relation to financial reporting is to review and monitor the integrity of the financial statements, including annual and half-year reports, result announcements, dividend proposals and any other formal announcement relating to the Group's financial performance.

The Committee assessed the quality and appropriateness of the accounting principles and policies adopted, and whether management had made appropriate underlying estimates and judgements. In doing so, the Committee reviewed management reports in respect of the main financial reporting issues and judgements made, together with reports prepared by the external auditor on the 2017 half-year statement and 2017 Annual Report.

The Committee, with assistance from management and KPMG, identified areas of financial statement risk and judgement as described below.

Description of focus area	Audit Committee action
Revenue recognition	
<p>Revenue recognition for the Group's revenue streams is not complex. However, this was an area of focus for KPMG due to the large volume of transactions and as revenue is the most material figure in the financial statements.</p> <p>KPMG carried out a review of our revenue recognition policies; performed detailed analytical procedures; tested completeness and existence of revenue by matching sales information from sales systems to the financial systems and to cash receipts; reviewed customer contracts; tested revenue cut-off and assessment of deferred and accrued revenue; and carried out other computer assisted audit techniques.</p>	<p>The Committee was satisfied with the explanations provided and conclusions reached.</p>
Adjusted profit measure	
<p>The Group uses an Adjusted Profit Measure, Underlying operating profit, to allow better interpretation of the underlying performance of the business. Underlying operating profit is defined as Operating profit before exceptional items and share-based payments (including national insurance). Also, due to the additional five days of trading in the current year (arising from the change from 52-week to annual accounting) the Group has published adjusted growth figures in order to present a like-for-like measure, for the reasons noted in the Financial review, on page 26.</p>	<p>The Committee considered the appropriateness of including alternative profit and growth measures in the light of the ESMA guidelines, and was satisfied that the items were appropriately adjusted for; that the non-GAAP measures were not given undue prominence; and the disclosures, reconciliations and definitions provided were presented in a clear manner. The Committee also reviewed and concurred with the proposal to move to an unadjusted Operating profit measure commencing in 2018.</p>
Share-based payments	
<p>The Company has a number of share-based payment arrangements, accounted for under IFRS 2, which requires the use of valuation models and certain assumptions in determining their fair value at grant and in the recognition of charges and as such is an area of judgement for management.</p>	<p>The Committee reviewed the assumptions made by management, particularly in relation to profit forecasts that determine the proportion of shares granted under the PSP and DABP. The Committee reviewed the comments within KPMG's report into the adequacy of the charge and satisfied itself that the share-based payment accounting is appropriate and in accordance with accounting standards.</p>
Going concern and viability statement	
<p>The Directors must satisfy themselves as to the Group's viability and confirm that they have a reasonable expectation that it will continue to operate and meet its liabilities as they fall due. The period over which the Directors have determined is appropriate to assess the prospects of the Group has been defined as three years. In addition, the Directors must consider if the going concern assumption is appropriate.</p>	<p>The Committee reviewed management's schedules supporting the going concern assessment and viability statements. These included the Group medium-term plan and cash flow forecasts for the period to March 2020. The Committee discussed with management the appropriateness of the three-year period, and discussed the correlation with the Group's principal risks and uncertainties as disclosed on pages 33 to 35. The feasibility of mitigating actions and the potential speed of implementation to achieve any flexibility required was discussed. The Committee evaluated the conclusions over going concern and viability and the proposed disclosures in the financial statements and satisfied itself that the financial statements appropriately reflect the conclusions.</p>

Fair, balanced and understandable

At the request of the Board, the Committee has reviewed the content of the 2017 Annual Report and considered whether, taken as a whole, in its opinion it is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position, performance, business model and strategy. The Committee was provided with an early draft of the Annual Report, and provided feedback on areas where further clarity or information was required in order to provide a complete picture of the Group's performance. The final draft was then presented to the Audit Committee for review before being recommended for approval by the Board. When forming its opinion, the Committee reflected on the discussion held during the year and reports received from the external auditor and considered the following main areas:

Is the report fair?	<ul style="list-style-type: none"> - Is a complete picture presented and has any sensitive material been omitted that should have been included? - Are key messages in the narrative aligned with the KPIs and are they reflected in the financial reporting? - Are the revenue streams described in the narrative consistent with those used for financial reporting in the financial statements?
Is the report balanced?	<ul style="list-style-type: none"> - Is there a good level of consistency between the reports in the front and the reporting in the back of the Annual Report? - Do you get the same messages when reading the front end and the back end independently? - Is there an appropriate balance between statutory and adjusted measures and are any adjustments explained clearly with appropriate prominence? - Are the key judgements referred to in the narrative reporting and significant issues reported in the Report of the Audit Committee consistent with disclosures of key estimation uncertainties and critical judgements set out in the financial statements? - How do these compare with the risks that KPMG are planning to include in their report?
Is the report understandable?	<ul style="list-style-type: none"> - Is there a clear and cohesive framework for the Annual Report? - Are the important messages highlighted and appropriately themed throughout the document? - Is the report written in accessible language and are the messages clearly drawn out?

Following the Committee's review, the Directors confirm that, in their opinion, the 2017 Annual Report, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy.

Risk management and internal control

The Committee's responsibilities include a review of the risk management systems and internal controls to ensure that they remain effective and that any identified weaknesses are properly dealt with. The Committee:

- reviews annually the effectiveness of the Group's internal control framework;
- receives reports from the Group's outsourced internal audit function and ensures recommendations are implemented where appropriate; and
- reviews reports from the external auditors on any issues identified in the course of their work, including any internal control reports received on control weaknesses, and ensures that there is an appropriate response from management.

The Group has internal controls and risk management systems in place in relation to its financial reporting processes and preparation of consolidated accounts. These systems include policies and procedures to ensure that adequate accounting records are maintained and transactions are recorded accurately and fairly to permit the preparation of financial statements in accordance with IFRS. The internal control systems include the elements described below.

Element	Approach and basis for assurance
Risk management	Whilst risk management is a matter for the Board as a whole, the day to day management of the Group's key risks resides with the Operational Leadership Team ('OLT') and is documented in a risk register. A review and update of the risk register is undertaken twice a year and reviewed by the Board. The management of identified risks is delegated to the OLT, and regular updates are given to Executive Management at quarterly Governance meetings.
Financial reporting	Group consolidation is performed on a monthly basis with a month end pack produced that includes an Income statement, Balance sheet, Cash flow statement and detailed analysis. The month end pack also includes KPIs and these are reviewed each month by the OLT and the Board. Results are compared against the Plan or Reforecast and narrative provided by management to explain significant variances.
Budgeting and reforecasting	An annual Plan is produced and monthly results are reported against this. A half-year Reforecast is produced. The Plan and the Reforecast are prepared using a bottom up approach, informed by a high-level assessment of market and economic conditions. Reviews are performed by the OLT and the Board whilst the Plan is also compared to the top down Medium Term Plan ('MTP') as a sense check. The Plan is approved by the OLT and Board, and the Reforecast is approved by the OLT and reported to the Board.
Delegation of authority and approval limits	A documented structure of delegated authorities and approval for transactions is maintained beyond the Board Terms of Reference. This is reviewed regularly by management to ensure it remains appropriate for the business.
Segregation of duties	Procedures are defined to segregate duties over significant transactions, including procurement, payments to suppliers, payroll and discounts/refunds. Key reconciliations are prepared and reviewed on a monthly basis to ensure accurate reporting.

Internal audit

Deloitte has been appointed as the Group's outsourced internal audit function. They are accountable to the Audit Committee and use a risk-based approach to provide independent assurance over the adequacy and effectiveness of the control environment. The internal audit work plan for 2017 was approved by the Audit Committee and covers a broad range of core financial and operational processes and controls, focusing on specific risk areas, including:

- Business rules and leakage.
- IT resilience, disaster recovery and scalability.
- New business and churn.
- System provisioning.
- Data protection and leakage review.
- Internal fraud risk.

Management actions that are recommended following the audits are tracked to completion and reviewed by the Committee to ensure that identified risks are mitigated appropriately.

The Committee met with representatives from Deloitte without management present and with management without representatives of Deloitte present. There were no issues of note raised during these meetings.

Whistleblowing

A whistleblowing policy has been adopted which includes access to a whistleblowing telephone service run by an independent organisation, allowing employees to raise concerns on an entirely confidential basis. The Committee receives regular reports on the use of the service, any significant reports that have been received, the investigations carried out and any actions arising as a result.

External auditors

One of the Committee's roles is to oversee the relationship with the external auditor, KPMG, and to evaluate the effectiveness of the service provided. KPMG was appointed as the Group's external auditor at the 2016 AGM, and this has been a year of transition. The Committee has concluded that the external auditor is effective, based on review and discussion of audit scope and plans, materiality assessments, review of auditor's reports and feedback from management on the effectiveness of the audit process.

During the year the Committee reviewed KPMG's findings of the external auditor in respect of their review of the half-yearly report for the six-month period ending 25 September 2016, and in respect of the audit of the financial statements for the year ended 31 March 2017. The Committee met with representatives from KPMG without management present and with management without representatives of KPMG present, to ensure that there were no issues in the relationship between management and the external auditor which it should address. There were none.

The Committee has reviewed, and is satisfied with, the independence of KPMG as the external auditor.

Non-audit services provided by the external auditors

The external auditors are primarily engaged to carry out statutory audit work. There may be other services where the external auditors are considered to be the most suitable supplier by reference to their skills and experience. It is the Group's practice that it will seek quotes from several firms, which may include KPMG, before engagements for non-audit projects are awarded. Contracts are awarded based on individual merits. A policy is in place for the provision of non-audit services by the external auditor, to ensure that the provision of such services does not impair the external auditor's independence or objectivity. This policy has been reviewed effective 1 April 2017 and changes have been made in accordance with the EU Audit Reform.

Non-audit service	Policy
Audit-related services directly related to the audit For example, the review of interim financial statements, compliance certificates and reports to regulators.	Considered to be approved by the Committee up to a level of £100,000 for each individual engagement, and to a maximum aggregate in any financial year of the higher of £200,000 and 70% of the average audit fees paid to the audit firm in the last three consecutive years.
Acceptable non-audit services Including but not limited to: work related to mergers, acquisitions, disposals, joint ventures or circulars; benchmarking services; and corporate governance advice.	Any engagement of the external auditor to provide permitted services over these limits is subject to the specific approval in advance by the Audit Committee.
Prohibited services In line with the EU Audit Reform, services where the auditor's objectivity and independence may be compromised by the threat of self-interest, self-review, management, advocacy, familiarity or intimidation - for example, tax services, accounting services, internal audit services, valuation services and financial systems consultancy.	Prohibited, with the exception of certain services which are subject to derogation if certain conditions are met, in accordance with the EU Audit Reform.

Refer to about-us.autotrader.co.uk/investors for full details of the policy. During the year, KPMG charged the Group £30,000 for audit-related assurance services.

The Statutory Audit Services for Large Companies Market Investigation (Mandatory Use of Competitive Tender Processes and Audit Committee Responsibilities) Order 2014 – statement of compliance

As a competitive tender was carried out in 2016, and KPMG LLP appointed as statutory auditors in the current financial year, we have complied with the requirement that the external audit contract is tendered within the 10 years prescribed by EU and UK legislation and the Code's recommendation. The Company confirms that it complied with the provisions of the Competition and Markets Authority's Order for the financial year under review.

David Keens

Chairman of the Audit Committee
8 June 2017

Annual statement by the Chairman of the Remuneration Committee



Jill Easterbrook

Chairman of the Remuneration Committee

- Composed of three Independent Non-Executive Directors.
- At least two meetings held per year.
- Meetings are attended by the Chief Executive Officer and other relevant attendees by invitation – no person is present during any discussion relating to their own remuneration.
- For more information on the Committee's Terms of Reference visit about-us.autotrader.co.uk/investors

Four meetings were held during the year:

	Meetings attended/ total meetings held	Percentage of meetings attended
Jill Easterbrook (Chairman)	4/4	100%
David Keens	4/4	100%
Jeni Mundy	4/4	100%

Our progress in 2017

- Confirming the performance targets to apply to the 2016 Performance Share Plan ('PSP') awards and granting the awards.
- Considering the executive pay environment and confirming the current remuneration policy remains appropriate for 2018.
- Reviewing the choice of performance metrics for 2018 variable pay schemes.
- Assessing the achievement of targets for the 2016 annual bonus, setting the targets for the 2017 annual bonus and reviewing progress against these targets.
- Consideration of the approach to equity participation across the workforce and approving the launch of a SAYE in 2018.
- Considering the impact of changes to pension tax rules.
- Approving the 2016 Directors' remuneration report and considering the approach to reporting on the current financial year.

In 2018 we will

- Review executive pay arrangements and, if changes are deemed necessary, consult with major shareholders on the remuneration policy.
- Confirm targets for and grant the 2017 PSP awards.
- Continue to monitor the executive pay environment, governance developments and market practice.

Dear shareholders,

I am pleased to present, on behalf of the Board, the Report of the Remuneration Committee (the 'Committee') in respect of the year ended 31 March 2017.

Our remuneration arrangements are governed by our remuneration policy. This policy received binding shareholder approval, for the first time, at the AGM on 17 September 2015 and came into effect on that date. The Committee remains satisfied that the policy continues to support the Company's strategy: to retain and motivate our management team, to drive strong returns for our shareholders and to promote the long-term success of the Company. Shareholders will not therefore be asked to approve any revisions to the policy at the 2017 AGM. However, it is the Committee's intention to undertake a thorough review of the policy during the course of 2018, including consultation with our major shareholders, ahead of seeking approval for policy renewal at the 2018 AGM.

Objectives of the remuneration policy and link to strategy

The policy approved by shareholders in September 2015 has the following aims:

- to attract, retain and motivate high calibre senior management, structured so as to focus on the delivery of the Company's strategic and business objectives in order to promote its long-term success;
- the targets for performance related pay to be closely linked to the Company's main strategic objectives;
- to be simple in design, transparent and understandable both to participants and shareholders;
- to achieve a degree of consistency in terms of approach across the senior management population to the extent appropriate;
- base pay to be set having had due regard to appropriate mid-market benchmarks with incentive pay structured so as to provide the opportunity to earn above mid-market benchmarks for the delivery of challenging performance targets; and
- to promote an ownership culture, via the encouragement of widespread equity ownership across the workforce.

The policy supports our strategy through using performance conditions for our variable pay schemes that target improvements in our key performance indicators and growth in shareholder value (i.e. Operating profit, audience growth, new product initiatives and total shareholder returns). Incentive pay is subject to withholding and recovery provisions, the annual bonus arrangements include an element of compulsory bonus deferral, and robust share ownership guidelines apply. The Committee considers that these features promote significant alignment with shareholders and provide an appropriate level of risk mitigation.

Performance and reward in 2017

As described in the Strategic report on pages 2 to 43, 2017 has been another strong year, with revenue growth of 9% and Underlying operating profit growth of 19%. Good progress has been made across all of the Group's operating priorities. The level of performance achieved resulted in a pay-out in respect of the financial element of the annual bonus of c.64% of the maximum, and an overall pay-out of 51.8% of the maximum. Further information on the actual targets set, and our performance against them is provided on pages 62 and 63.

As the first awards were granted under the Company's Performance Share Plan in June 2015, there were no outstanding awards eligible to vest in respect of long-term performance in the year under review.

Approach for 2018

The Committee will continue to operate within the remuneration policy approved by shareholders in September 2015. The key highlights of how we intend to apply this for 2018 are:

- with effect from 1 April 2017, the salaries of the Executive Directors were increased by 2% which is below the average increase across the wider workforce;
- the annual bonus plan will operate similarly to last year, with a maximum of 150% of salary for the Chief Executive Officer and 130% of salary for the Chief Financial Officer and the Chief Operating Officer. 75% of the maximum bonus opportunity will be based on a financial metric with the remaining 25% being based on two strategic metrics. As explained in the Financial review on page 28, from 2018 and beyond, the business will report against the statutory measure of Operating profit rather than the previous measure of Underlying operating profit, and so this will be adopted as the measure for the financial element of the bonus targets. Half of any bonus awarded will be deferred into shares for a period of two years;
- awards will be made in June 2017 under the PSP at 200% of salary for Trevor Mather and 150% for Sean Glithero and Nathan Coe. Awards will also be made to other senior colleagues at this time. The performance conditions applying to these awards will be based on the Company's Cumulative Operating profit (relevant to 75% of awards) and Total Shareholder Return ('TSR') (relevant to 25% of awards) measured over a period of three years. A two-year post-vesting holding period will also apply; and
- share ownership guidelines of 200% of salary for the CEO and 150% of salary for the CFO and the COO will continue to operate.

Changes to the Board

Nathan Coe was promoted to the Board as Chief Operating Officer on 1 April 2017. His salary on joining the Board was set at £350,000 and his remuneration arrangements are fully consistent with our remuneration policy. Details of his remuneration arrangements can be found on pages 65 and 66.

Feedback from shareholders

The Remuneration Committee is committed to ensuring that we are responsive to developments in best practice, and will proactively consider the implementation of our policy in the light of this. Should you have any feedback in this regard, I shall be available at the AGM to answer any specific questions that you may have.

I hope that you will be supportive of the AGM resolution to approve our Annual Report on Remuneration.

Jill Easterbrook

Chairman of the Remuneration Committee
8 June 2017

This report sets out details of the remuneration policy for Executive and Non-Executive Directors, describes how the remuneration policy is implemented and discloses the amounts paid in the year ended 31 March 2017.

This remuneration report is in three parts. The Annual Statement by the Chairman of the Remuneration Committee sets out an overview of the year just ended. This is followed by the Annual Report on Remuneration (set out on pages 62 to 68), which provides greater detail on the amounts paid and the implementation of the policy in 2017 and also includes a high level summary of how the remuneration policy is intended to be implemented in the 2018 financial year. Finally, as an Appendix, a summary version of the remuneration policy, which was approved by shareholders at the AGM on 17 September 2015, is set out on pages 69 to 72.

The full policy can be viewed on our website at

about-us.autotrader.co.uk/investors

The Annual Statement by the Chairman, together with the Annual Report on Remuneration, will be subject to an advisory vote at the AGM on 21 September 2017.

Annual Report on Remuneration

Single figure of remuneration for the year ended 31 March 2017 (Audited)

The table below shows the aggregate emoluments earned by the Directors of the Company in the year ended 31 March 2017.

£'000	Salary and fees	Benefits ¹	Annual bonus	Long-term incentives ²	Pension ³	Total
Executive						
Trevor Mather	536	1	416	-	27	980
Sean Glithero	296	1	199	-	15	511
Non-Executive						
Ed Williams	173	-	-	-	-	173
David Keens ⁴	72	-	-	-	-	72
Jill Easterbrook ⁵	63	-	-	-	-	63
Jeni Mundy ⁶	54	-	-	-	-	54

The following table shows the aggregate emoluments earned in the year ended 27 March 2016.

£'000	Salary and fees	Benefits ¹	Annual bonus	Long-term incentives ²	Pension ³	Total
Executive						
Trevor Mather	525	1	787	-	26	1,339
Sean Glithero	290	1	377	-	14	682
Non-Executive						
Ed Williams	170	-	-	-	-	170
David Keens ⁴	65	-	-	-	-	65
Jill Easterbrook ⁵	46	-	-	-	-	46
Jeni Mundy ⁶	4	-	-	-	-	4
Victor A. Perry III ⁷	49	-	-	-	-	49
Tom Hall ^{7,8}	-	-	-	-	-	-
Nick Hartman ^{7,8}	-	-	-	-	-	-

1 Benefits include: private healthcare, life assurance and income protection insurance.

2 There were no long-term incentives eligible to vest in the year under review.

3 Employer's pension contributions of 5% of salary were paid in respect of Executive Directors. No Directors have a beneficial interest in a defined benefit scheme.

4 Appointed 1 May 2015.

5 Appointed 1 July 2015.

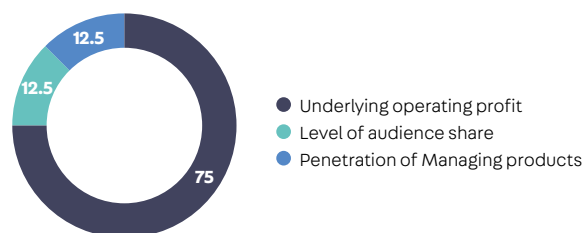
6 Appointed 1 March 2016.

7 Resigned 7 March 2016.

8 Waived entitlement to receive a fee.

Annual bonus for the year ended 31 March 2017

The targets applying to the annual bonus for the year ended 31 March 2017 were as follows:



The bonus targets for the financial year, as set by the Committee at the start of the year, together with performance against these, and resulting pay-outs are set out in detail opposite. The level of performance achieved resulted in an overall pay-out of 51.8% of the maximum, being £416,184 (77.7% out of a maximum 150%) for Trevor Mather and £199,240 (67.34% out of a maximum of 130%) for Sean Glithero.

Further information on the actual targets set, and our performance against them is provided opposite.

Underlying operating profit (75% of total bonus)

Level of achievement	Required/ actual result £m	Pay-out under that element %
Threshold requirement	195	20% (of the 75%)
Target requirement	205	50% (of the 75%)
Stretch requirement	213	100% (of the 75%)
Actual achieved	207.2	63.7% of the 75%

Level of audience share (12.5% of total bonus)

Audience share targets were based on the number of months in the year that the Company's audience share (based on the share of minutes compared to competitors' websites) was in excess of 78% (representing the Company's targeted level). Targets were set as follows, with a graduated scale operating between the threshold and stretch requirements:

Number of months where average audience share of minutes is more than 78% for that month	Pay-out of audience share element
Threshold requirement: Less than 6 months	0% (of the 12.5%)
Stretch requirement: 10 months or above	100% (of the 12.5%)
Actual achieved: Less than 6 out of 12 months more than 78%	0% of the 12.5%

The level of audience share was determined by reference to comScore MMX. Due to changes in the comScore methodology and updates to the configuration of competitors' websites, the threshold target was not achieved and no bonus will be paid to the Executive Directors in respect of this element of the bonus.

Penetration of Managing products (12.5% of total bonus)

This part of the bonus related to the number of retailer forecourts adopting Managing products.

Targets were set as follows, with a graduated scale operating between the threshold and stretch requirements:

Number of retailer forecourts introducing Managing Pillar	Pay-out of Managing element
Threshold requirement: Less than 2,400	0% (of the 12.5%)
Stretch requirement: 3,000 or more	100% (of the 12.5%)
Actual achieved – 2,490	32% of the 12.5%

In light of the Company's performance during the year under review, the Committee was comfortable with the overall level of annual bonus pay-out.

Half of the bonus earned will be payable in shares, deferred for two years under the Deferred Annual Bonus Plan ('DABP'). The deferred shares will vest subject to continued employment, but there are no further performance targets.

Deferred Annual Bonus Plan (Audited)

Awards under the DABP were granted as nil cost options on 17 June 2016 in respect of the annual bonus for the year to 27 March 2016. The awards will normally be eligible to vest two years from grant based on continuous employment. The awards were as follows:

Executive Director	Number of DABP shares awarded	Proportion of annual bonus	Face value of awards at grant date ¹
Trevor Mather	101,221	50%	£393,750
Sean Glithero	48,457	50%	£188,500

¹ Face value calculated based on the closing mid-market price on the day before grant date.

Performance Share Plan (Audited)

Awards under the PSP were granted as nil cost options on 17 June 2016 and will normally be eligible to vest three years from grant based on performance over the three years to 31 March 2019 and continuous employment. The awards were as follows:

Executive Director	Number of DABP shares awarded	Multiple of salary	Face/maximum value of awards at grant date ¹	% award vesting at threshold (% maximum)	Performance period ²
Trevor Mather	275,321	200%	£1,071,000	25%	Concludes
Sean Glithero	114,061	150%	£443,700	25%	31 March 2019

¹ Face/maximum value was calculated based on the closing mid-market price on the day before grant date.

² The performance period for the Cumulative Underlying operating profit target and for the TSR target runs for three years from 1 April 2016.

The performance conditions applying to the 2016 PSP awards are set out below. Each element will be assessed independently of the other:

Metric	Percentage of total PSP awards
Cumulative Underlying operating profit	75%
Relative Total Shareholder Return	25%

Cumulative Underlying operating profit

Cumulative Underlying operating profit is defined as the sum of the Group's Underlying operating profit result over the three consecutive financial years ending on 31 March 2019. The actual range of Cumulative Underlying operating profit targets for the three years ended 31 March 2019 that are applicable to the awards are as follows:

Cumulative Underlying operating profit performance achieved	Proportion of awards subject to Cumulative Underlying operating profit that vest
Below £660m	0%
Equal to £660m (threshold target)	25%
Equal to or above £710m (stretch target)	100%
Pro-rata between the threshold and stretch performance targets	

Relative Total Shareholder Return

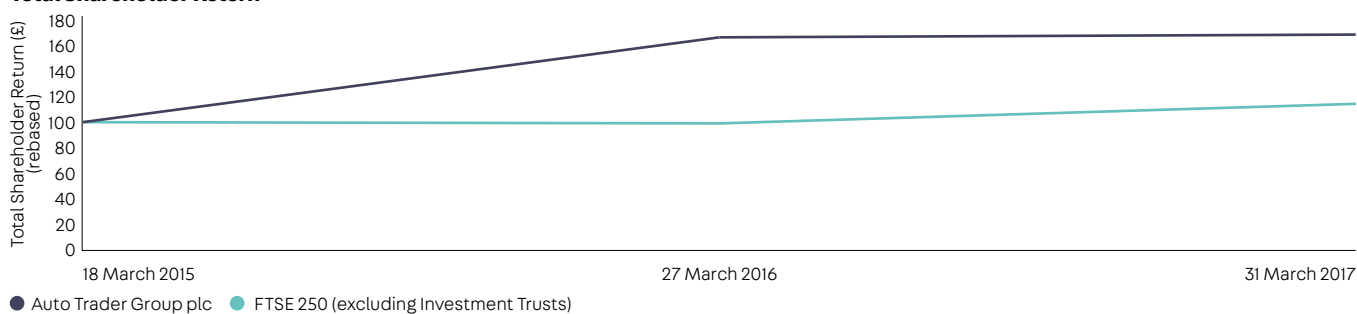
Performance is measured over the three financial years ending 31 March 2019. The TSR of the Company will be compared to that of the FTSE 250 Index (excluding Investment Trusts) over the performance period, and will vest according to the following schedule:

TSR performance relative to the FTSE 250 Index (excluding investment trusts)	Proportion of awards subject to TSR that vest
Below Index TSR	0%
Equal to Index TSR (threshold target)	25%
Equal to Index TSR plus 25% or above (stretch target)	100%
Pro-rata between the threshold and stretch performance targets	

Performance graph and CEO remuneration table

The graph below illustrates the Company's TSR performance relative to the constituents of the FTSE 250 Index (excluding investment trusts) of which the Company is a constituent, from the start of conditional share dealing on 18 March 2015. The graph shows performance of a hypothetical £100 invested and its performance over that period.

Total Shareholder Return



CEO remuneration

The table below sets out the CEO's single figure of total remuneration together with the percentage of maximum annual bonus awarded over the same period.

	2017	2016	2015 ¹
CEO total remuneration (£'000)	980	1,339	20
Annual bonus (% of maximum)	51.8%	100%	n/a ²
Share award vesting (% of maximum)	n/a ³	n/a ³	n/a ³

¹ From the date of Admission in March 2015.

² Private Company when bonus plan implemented in 2015.

³ No awards were eligible to vest in respect of long-term performance ending in 2015, 2016 or 2017.

Percentage increase in the remuneration of the CEO

The table below shows the average increase in each component between the CEO and the average employee in the Company from 2016 to 2017.

Component	Change in remuneration levels	
	CEO	Average employee
Salary	2%	3%
Benefits	0%	0%
Bonus	(47%)	(42%)

Relative importance of the spend on pay

The following table shows the Group's actual spend on pay for all employees compared to distributions to shareholders. The average number of employees has also been included for context. Revenue and Underlying operating profit have also been disclosed as these are two key measures of Group performance.

	2017 £m	2016 £m	% change
Employee costs (see note 5 to the consolidated financial statements)	53.6	53.6	(1)% ¹
Average number of employees (see note 5 to the consolidated financial statements)	820	854	(4)%
Revenue (see Consolidated income statement)	311.4	281.6	9% ¹
Underlying operating profit (see page 28 for definition and reconciliation)	207.2	171.3	19% ¹
Dividends paid and proposed (see note 24 to the consolidated financial statements)	50.8	15.0	239%

¹ Adjusted for the impact of the additional days in 2017 - refer to the Financial review on page 26 for more detail.

Implementation of the remuneration policy for the year ending 31 March 2018

This section sets out how the Committee intends to implement the remuneration policy in the year ending 31 March 2018.

Base salary

The Executive Directors' salaries were reviewed in early 2017 with the changes becoming effective from 1 April 2017, and will next be reviewed in early 2018, with any changes becoming effective from 1 April 2018. The following table sets out the new salaries effective 1 April 2017 (financial year 2018) compared to those which applied in financial year 2017:

	2018	2017	Percentage change
Trevor Mather	£546,210	£535,500	+2%
Sean Glithero	£301,716	£295,800	+2%
Nathan Coe ²	£350,000	-	n/a

² Appointed to the Board on 1 April 2017.

For context, the increase in the salary budget for 2018 for the overall employee group was set at 4% (inclusive of merit and promotional increases).

Pension and benefits

Executive Directors will continue to receive a pension contribution at the rate of 5% of base salary (in line with pensions offered to other employees), payable into the Company pension scheme or as a cash alternative. Ancillary benefits are provided in the form of private medical cover, life assurance and income protection insurance.

Annual bonus

As described in the Policy Report, Trevor Mather's maximum bonus opportunity is capped at 150% of base salary whilst Sean Glithero's and Nathan Coe's is capped at 130% of base salary. Half of any bonus earned will be payable in shares, deferred for two years under the DABP.

The metrics and their weightings for the year ending 31 March 2018 are:

Metric	Percentage of total bonus
Operating profit	75%
Strategic objectives	25%

As explained in the Financial review on page 28, from 2018 and beyond, the business will report against the statutory measure of Operating profit rather than the previous measure of Underlying operating profit. In relation to the financial target, a challenging graduated scale will operate set around the 2018 business plan. For achievement of the threshold target, 20% of this part of the bonus opportunity becomes payable with the maximum becoming payable for outperforming the 2018 business plan.

The strategic targets relate to two key performance objectives for 2018. These are growth in full page advert views during the year which will determine up to 12.5% of the total bonus opportunity, and new product initiatives (the adoption of Managing products) which will determine up to 12.5% of the total bonus opportunity. A financial underpin will apply to the strategic targets, such that no bonus will be payable if Operating profit does not exceed the £203.1m achieved in 2017.

The specific targets themselves are commercially sensitive, but the Committee intends to disclose them in the next Annual Report on Remuneration provided they are no longer considered to be commercially sensitive at that time.

Performance Share Plan ('PSP')

The Committee's policy is to award Executive Directors annual PSP awards. The Committee intends to grant awards in the current financial year to Trevor Mather at a level of 200% of salary and to Sean Glithero and Nathan Coe at a level of 150% of salary. The performance metrics and their weightings for the award remain unchanged (save from the change of financial metric to Operating profit) and are set out below:

Metric	Percentage of total PSP awards
Cumulative Operating profit	75%
Relative Total Shareholder Return	25%

Each element will be assessed independently of the other as detailed below.

Cumulative operating profit

Cumulative operating profit will be defined as the sum of the Group's Operating profit result over the three consecutive financial years ending on 31 March 2020.

The Committee considered a number of factors when setting the range of targets including internal planning, market expectations for the future performance of the Company and market practice in terms of target setting across the constituents of the FTSE 250 Index. The actual range of targets is commercially sensitive, but the Committee intends to disclose them in the next Annual Report on Remuneration provided they are no longer considered to be commercially sensitive at that time. The awards will vest according to the following schedule:

Cumulative operating profit performance achieved	Proportion of awards subject to Cumulative operating profit that vest
Below threshold	0%
Equal to threshold	25%
Stretch or above	100%
Pro-rata between the threshold and stretch performance targets	

Relative TSR

The performance condition applying to one quarter of PSP awards will be based on TSR performance over the three financial years ending 31 March 2020.

The TSR of the Company will be compared to that of the FTSE 250 Index (excluding investment trusts) over the performance period, and will vest according to the following schedule:

TSR performance relative to the FTSE 250 Index (excluding investment trusts)	Proportion of awards subject to TSR that vest
Below Index TSR	0%
Equal to Index TSR (threshold target)	25%
Equal to Index TSR plus 25% or above (stretch target)	100%
Pro-rata between threshold and stretch performance targets	

Consistent with market practice, a three-month averaging period will normally apply for the purposes of calculating the start and end values for the purposes of measuring TSR.

Executive Directors will ordinarily be required to retain their net of tax number of vested shares delivered under the PSP for at least two years from the point of vesting.

Fees for the Chairman and Non-Executive Directors

The fees were reviewed in early 2017 and were increased by 2% with effect from 1 April 2017. The Chairman and Non-Executive Directors' fees will next be reviewed in early 2018, with any increase becoming effective from 1 April 2018.

A summary of current fees is shown below:

	2018	2017	Percentage change
Base fees			
Chairman	£176,868	£173,400	+2%
Non-Executive Director	£54,621	£53,550	+2%
Additional fees			
Senior Independent Director	£9,364	£9,180	+2%
Audit Committee Chairman	£9,364	£9,180	+2%
Remuneration Committee Chairman	£9,364	£9,180	+2%

There is no additional fee payable to the Chairman of the Nomination Committee.

All Non-Executive Directors have letters of appointment with the Company for an initial period of three years, subject to annual re-appointment at the AGM. Appointment is terminable on six months' written notice. The appointment letters for the Non-Executive Directors provide that no compensation is payable upon termination of employment. Letters of appointment are available for inspection at the Company's registered office. Details of the appointment terms of the Non-Executive Directors are as follows:

	Start of current term	Expiry of current term
Ed Williams	6 March 2015	5 March 2018
David Keens	1 May 2015	30 April 2018
Jill Easterbrook	1 July 2015	30 June 2018
Jeni Mundy	1 March 2016	28 February 2019

Directors' shareholding and share interests (Audited)

The Group has adopted shareholding guidelines in order to encourage Executive Directors to maintain a shareholding in the Company equivalent in value to 200% of salary for Trevor Mather and 150% of salary for Sean Glithero and Nathan Coe. If an Executive does not meet the guideline, they will be expected to retain at least half of the net shares vesting under the Company's discretionary share-based employee incentive schemes until the guideline is met. All Executive Directors currently hold well in excess of this limit.

The table below sets out the number of shares held or potentially held by Directors (including their connected persons where relevant) as at 31 March 2017.

Director	Beneficially owned shares ¹	Number of awards held under the PSP conditional on performance	Number of awards held under the DABP conditional on continued employment	Target shareholding guideline (as a % of salary)	Percentage of salary held in shares as at 31 March 2017 ²
Executive Directors					
Trevor Mather	12,000,000	722,129	101,221	200%	8,791%
Sean Glithero	2,997,581	299,167	48,457	150%	3,975%
Non-Executive Directors					
Ed Williams	6,875,444	-	-	N/A	N/A
Jill Easterbrook	-	-	-	N/A	N/A
David Keens	25,000	-	-	N/A	N/A
Jeni Mundy	-	-	-	N/A	N/A

1 Includes shares owned by connected persons. Only beneficially owned shares count towards the shareholding guideline.

2 Based on mid-market price at close of business on 31 March 2017.

Trevor Mather

Scheme	No. of shares/ options at 28 March 2016	Shares/ options granted in the year	Shares/ options lapsed in the year	Options exercised in the year	No. of shares/ options at 31 March 2017	Date of grant	Date from which exercisable	Expiry date	Exercise price	Market price on exercise date
PSP	446,808	-	-	-	446,808	19/6/2015	19/6/2018	19/6/2025	Nil	n/a
PSP	-	275,321	-	-	275,321	17/6/2016	17/6/2019	17/6/2026	Nil	n/a
DABP	-	101,221	-	-	101,221	17/6/2016	17/6/2018	17/6/2026	Nil	n/a
Total	446,808	376,542	-	-	823,350					

Sean Glithero

Scheme	No. of shares/ options at 28 March 2016	Shares/ options granted in the year	Shares/ options lapsed in the year	Options exercised in the year	No. of shares/ options at 31 March 2017	Date of grant	Date from which exercisable	Expiry date	Exercise price	Market price on exercise date
PSP	185,106	-	-	-	185,106	19/6/2015	19/6/2018	19/6/2025	Nil	n/a
PSP	-	114,061	-	-	114,061	17/6/2016	17/6/2019	17/6/2026	Nil	n/a
DABP	-	48,457	-	-	48,457	17/6/2016	17/6/2018	17/6/2026	Nil	n/a
Total	185,106	162,518	-	-	347,624					

External directorships

None of the Executive Directors hold any external directorships.

Membership of the Committee

Jill Easterbrook is the Committee Chairman, and its other members are David Keens and Jeni Mundy. Refer to page 60 for further details of the membership of the Committee, the Terms of Reference, the meetings held and activities during the year.

External advisors

New Bridge Street ('NBS'), part of Aon plc, provides independent advice to, and was appointed by, the Committee. NBS was selected by the Committee due to its extensive experience of advising listed companies with respect to remuneration. The Committee seeks advice relating to the remuneration of Executive Directors, the wider senior management population and Non-Executive Directors' fees from NBS. NBS does not provide any other services to the Company. Aon currently provides actuarial, valuation and administration services in relation to the defined benefit pension scheme of the Company.

The Committee is satisfied that the advice received by NBS in relation to remuneration matters during the year was objective and independent. Terms of engagement are available on request from the Company Secretary. NBS is a member of the Remuneration Consultants Group and abides by the Remuneration Consultants Group Code of Conduct, which requires its advice to be objective and impartial. The fees payable to NBS for providing advice in relation to executive remuneration over the financial year under review were approximately £41,500, charged on a time-spent basis.

Statement of shareholder voting

At the AGM in 2015 we sought binding shareholder approval for the Remuneration Policy Report. At the AGM in September 2016, we sought advisory shareholder approval for the Annual Report on Remuneration.

The voting outcomes were as follows:

2015 AGM: Remuneration policy (binding)

	Number of votes cast	% of votes cast
Votes for	797,281,130	98.20
Votes against	14,637,737	1.80
Total votes cast (excluding abstentions)	811,918,867	
Abstentions	7139,212	

2016 AGM: Annual Report on Remuneration (advisory)

	Number of votes cast	% of votes cast
Votes for	779,343,590	98.66
Votes against	10,617,266	1.34
Total votes cast (excluding abstentions)	789,960,856	
Abstentions	53,529	

Approval

This Directors' remuneration report has been approved by the Board of Directors.

Signed on behalf of the Board of Directors.

Jill Easterbrook

Chairman of the Remuneration Committee
8 June 2017

Appendix: Summary remuneration policy

This part of the Directors' remuneration report sets out a summary of the full remuneration policy report that was approved by shareholders in September 2015.

For the full report, please refer to the 2015 Directors' remuneration report available on our website at about-us.autotrader.co.uk/investors

Policy overview

On Admission in March 2015, a new remuneration policy was adopted by the Committee. This policy is structured so as to ensure that the main elements of remuneration are linked to Company strategy, in line with best practice and aligned with shareholders' interests.

The policy is designed to reward Executive Directors by offering competitive remuneration packages, which are prudently constructed, sufficiently stretching and linked to long-term profitability. In promoting these objectives, the policy aims to be simple in design, transparent and structured so as to adhere to the principles of good corporate governance and appropriate risk management.

A further aim of the remuneration policy is to encourage a culture of share ownership by colleagues throughout the Company, and in support of this we have put in place both a SIP, under which an award of free shares to commemorate the Listing was granted, and an SAYE scheme.

The remuneration policy for Executive Directors

Our policy is designed to offer competitive, but not excessive, remuneration structured so that there is a significant weighting towards performance-based elements. A significant proportion of our variable pay is delivered in shares with deferral and holding periods being mandatory, and with appropriate recovery and withholding provisions in place to safeguard against overpayments in the event of certain negative events occurring. The table below provides a full summary of the policy elements for the Executive Directors.

Element	Purpose and link to strategy	Operation and performance conditions	Maximum opportunity	Performance assessment
Salary	To recruit and reward executives of high calibre. Recognises individual's experience, responsibility and performance.	Salaries are normally reviewed annually with changes effective from 1 April. Salary reviews will consider: - personal performance; - Company performance; - individual's experience; and - increases elsewhere in the Company. Periodic account of practice in comparable companies in terms of size and complexity will be taken (e.g. the constituents of the FTSE 250 Index). The Committee considers the impact of any salary increase on the total remuneration package.	There is no prescribed maximum. However, the Committee is guided by the average annual increase of the workforce. Higher increases (in percentage of salary terms) may be awarded at the discretion of the Committee, for example (but not limited to): in relation to the change in size, scale or scope of an individual's role, following the appointment of a new executive to bring that executive's package in line with market over a number of years.	The Committee reviews the salaries of Executive Directors each year taking due account of all the factors described in how the salary policy operates.
Benefits	To provide competitive benefits to ensure the wellbeing of employees.	Executive Directors are entitled to the following benefits: - life assurance; - income protection insurance; and - private medical insurance. Executive Directors are also eligible to participate in all-employee share schemes on the same basis as other staff.	The value of benefits is not capped as it is determined by the insurance cost to the Company which may vary. However, the nature of the benefits is expected to remain unchanged.	N/A
Pension	To provide retirement benefits for employees.	Directors are eligible to receive employer contributions to the Company's pension plan (which is a defined contribution plan) or a salary supplement in lieu of pension benefits.	5% of salary p.a.	N/A

Element	Purpose and link to strategy	Operation and performance conditions	Maximum opportunity	Performance assessment
Annual bonus^{1,2,3}	To incentivise and reward the achievement of annual financial and operational objectives which are closely linked to the corporate strategy.	<p>The annual bonus is based predominantly on stretching financial and operational objectives as set at the beginning of the year and assessed by the Committee following the year end.</p> <p>Half of any bonus earned is subject to deferral in shares under the Deferred Annual Bonus Plan ('DABP'), typically for a period of two years. The deferred shares will vest subject to continued employment, but there are no further performance targets.</p> <p>A dividend equivalent provision allows the Committee to pay dividends, at the Committee's discretion, on vested shares (in cash or shares) at the time of vesting and may assume the reinvestment of dividends on a cumulative basis.</p> <p>Recovery and withholding provisions apply as described in footnote 1. These provisions apply in the event of material misstatement of results, an error in the calculation of bonus outcome or in instances of individual gross misconduct.</p> <p>Participation in the bonus plan, and all bonus payments, are at the discretion of the Committee.</p>	The CEO's bonus is capped at 150% of salary and the CFO's is capped at 130% of salary annually.	<p>Financial measures will normally represent the majority of bonus, with clearly defined non-financial targets representing the balance (if any).</p> <p>With regards to financial targets, not more than 20% of this part of the bonus will be payable for achieving the relevant threshold hurdle.</p> <p>Where non-financial targets operate, it may not always be practicable to set targets on a graduated scale, where these operate not more than 33% will be payable for achieving the threshold target.</p> <p>Measures and weightings may change each year to reflect any year-on-year changes to business priorities.</p>
Performance Share Plan ('PSP')^{1,2,4}	<p>To incentivise and recognise successful execution of the business strategy over the longer term.</p> <p>To align the long-term interests of Executives with those of shareholders.</p>	<p>Awards will normally be made annually under the PSP, and will take the form of nil-cost options or conditional share awards. Participation and individual award levels will be determined at the discretion of the Committee within the policy.</p> <p>Awards normally vest after three years subject to the extent to which the performance conditions specified for the awards are satisfied, and continued service.</p> <p>Recovery and withholding provisions apply as described in footnote 1. These provisions apply in the event of material misstatement of results, an error in the calculation of a vesting result or in instances of individual gross misconduct.</p> <p>As a minimum, Executive Directors will ordinarily be required to retain their net of tax number of vested shares delivered under the PSP for at least two years from the point of vesting⁵.</p> <p>A dividend equivalent provision allows the Committee to pay dividends, at the Committee's discretion, on vested shares (in cash or shares) at the time of vesting and may assume the reinvestment of dividends on a cumulative basis.</p>	<p>Normal maximum of 200% of salary.</p> <p>Exceptional circumstances maximum of 300% of salary.</p>	<p>A blend of performance metrics, including financial and total shareholder return, will be used. Financial metrics will comprise a majority of the awards.</p> <p>The metrics and weightings for each award will be set out in the Annual Report on Remuneration. The actual targets will be set out unless they are considered to be commercially sensitive.</p> <p>No more than 25% of the award vests for achieving threshold performance.</p> <p>100% of the award vests for achieving maximum performance.</p>
All-employee Share Plans: SIP & SAYE⁶	To encourage Group-wide equity ownership across all employees, and create a culture of ownership.	<p>The Company has adopted two all-employee tax advantaged plans, namely a savings related share option scheme ('SAYE') and a Share Incentive Plan ('SIP') for the benefit of Group employees.</p> <p>The operation of these plans will be at the discretion of the Committee and Executive Directors will be eligible to participate on a consistent basis to other employees.</p>	Maximum permitted savings based on HMRC limits from time to time.	N/A

Element	Purpose and link to strategy	Operation and performance conditions	Maximum opportunity	Performance assessment
Share ownership guidelines	To increase alignment between executives and shareholders.	Executive Directors are required to build and maintain a holding of shares in the Company. This is to be built through retaining a minimum of 50% of the net of tax vested PSP and DABP shares, until the guideline level is met.	At least 200% of salary for the CEO and at least 150% of salary for the CFO, or such higher level as the Committee may determine from time to time.	N/A

- 1 Recovery and withholding provisions apply to variable pay, to enable the Company to recover amounts paid under the annual bonus and PSP in the event of the following negative events occurring within three years of the payment date: a material misstatement or restatement to the audited financial statements or other data; an error in the calculation leading to over-payment of bonus; or individual gross misconduct. Should such an event be suspected, there will be a further two years in which the Committee may investigate the event. The amount to be recovered would generally be the excess payment over the amount which would otherwise be paid, and recovery may be satisfied in a variety of ways, including through the reduction of outstanding deferred awards, reduction of the next bonus or PSP vesting and seeking a cash repayment.
- 2 In order to ensure that the remuneration policy is capable of achieving its intended aims, the Committee retains certain discretions over the operation of the variable pay policy. These include the ability to vary the operation of the plans in certain circumstances (such as a change of control, rights issue, corporate restructuring events or special dividend) including the timing and determination of pay-outs/vesting, and making appropriate adjustments to performance targets as necessary to ensure that performance conditions remain appropriate. However, it should be noted that in the event that the measures or targets are varied for outstanding awards in the light of a corporate event, the revised targets may not be materially less difficult to satisfy. Should these discretions be used, they would be explained in the Annual Report on Remuneration and may be subject to consultation with shareholders as appropriate.
- 3 Annual bonus performance measures are selected annually to reflect the Group's key strategic initiatives for the year and reflect both financial and non-financial objectives. A majority weighting is placed on financial performance, including a significant element being based on profit-based metrics, ensuring that pay-outs are closely linked to Company growth.
- 4 The use of a combination of internal financial performance and total shareholder return measures within the PSP is designed to ensure that rewards are linked to long-term shareholder value creation. The financial metrics chosen will be the measure or measures considered by the Committee at the time of each grant to be most likely to support the Company's long-term growth strategy. The use of TSR aligns with the Company's focus on shareholder value creation and rewards management for outperformance of sector peers.
- 5 In exceptional circumstances, the Committee may in its discretion allow participants to sell, transfer, assign or dispose of some or all of these shares before the end of the holding period.
- 6 Although eligible, the Executive Directors opted out of the offer of Free Shares made to all employees in April 2015.
- 7 A description of how the Company intends to implement the policy set out in this table for 2018 is set out in the Annual Report on Remuneration.

Service contracts and policy for payments on loss of office

The service contracts for the Executive Directors are terminable by either the Company or the Executive Director on 12 months' notice and make provision for early termination by way of payment of a cash sum equal to 12 months' salary, and pension.

Payment in lieu of notice can be paid either as a lump sum or in equal monthly instalments over the notice period, with mitigation.

The Committee will consider the particular circumstances of each leaver on an individual basis and retains flexibility as to at what point, and the extent to which, payments are reduced.

At the discretion of the Committee, a contribution to reasonable outplacement costs in the event of termination of employment due to redundancy may also be made. A payment to the value of 12 months' contractual benefits may also be made. The Committee also retains the ability to reimburse reasonable legal costs incurred in connection with a termination of employment and may make a payment for any statutory entitlements or to settle or compromise claims in connection with a termination of any existing or future Executive Director as necessary.

Relevant details will be provided in the Annual Report on Remuneration should such circumstances apply.

In summary, the contractual provisions on termination where the Company elects to make a payment in lieu of notice are as follows:

Provision	Detailed terms
Notice period	12 months by either party.
Termination payments over the notice period	- 100% of salary. - 5% in respect of pension contributions.
Change of control	There are no enhanced provisions on a change of control.

The Executive Directors are subject to annual reappointment at the AGM.

Service contracts are available for inspection at the Company's registered office.

Annual bonus on termination

There is no automatic or contractual right to bonus payment. At the discretion of the Committee, for certain leavers, a pro-rata bonus may become payable at the normal payment date for the period of employment and based on full-year performance. Should the Committee decide to make a payment in such circumstances, the rationale would be fully disclosed in the Annual Report on Remuneration.

PSP on termination

Share-based awards are outside of service contracts.

Normally, PSP awards will lapse upon a participant ceasing to hold employment. However, under the Rules of the PSP, in certain prescribed circumstances (namely, death, sale of employing company from the business or otherwise at the discretion of the Committee), 'good leaver' status can be applied. In exercising its discretion as to whether an Executive Director should be treated as a good leaver the Committee will take into account the performance of the individual and the reasons for their departure and, in the event of this determination being made, will set out its rationale in the following Annual Report on Remuneration.

The extent to which PSP awards will vest in good leaver circumstances will depend on:

- the extent to which the performance conditions have been satisfied at the relevant time; and
- the pro-rating of the award determined by the period of time served in employment during the vesting period.

In such circumstances, PSP awards will usually vest on the normal vesting date. The Committee retains the discretion to reduce or eliminate time pro-rating, if it regards it to be appropriate in particular circumstances. However, if the time pro-rating is varied from the default position under the PSP Rules, an explanation will be set out in the following Annual Report on Remuneration. For the avoidance of doubt, the application of the performance condition may not be waived, although the Committee may at its discretion alter the date to which performance is measured (e.g. to the date of cessation of employment as opposed to over the full performance period).

Approach to recruitment and promotions

The recruitment package for a new Director would be set in accordance with the terms of the Company's approved remuneration policy. Currently, this would include an annual bonus opportunity of up to 150% of salary and policy PSP award of up to 200% of salary (other than in exceptional circumstances where up to 300% of salary may be made).

On recruitment, salary may (but need not necessarily) be set at a level below the normal market rate, with phased increases greater than those received by others as the executive gains experience. The rate of salary should be set so as to reflect the individual's experience and skills.

The Committee recognises that it may be necessary in some circumstances to compensate for amounts foregone from a previous employer (using Listing Rule 9.4.2). Any such compensatory award would be limited to what is felt to be a fair estimate of the value of remuneration foregone taking into account the value of the award, the extent to which performance conditions apply, the form of award and the time left to vesting.

For an internal appointment, any variable pay element awarded in respect of their prior role would normally be allowed to pay out according to its outstanding terms. In addition, any other ongoing remuneration obligations existing prior to appointment may continue, provided that, if they are outside the approved policy, they are put to shareholders for approval at the earliest opportunity.

For all appointments, the Committee may agree that the Company will meet certain appropriate relocation costs.

Policy on external appointments

Subject to Board approval, Executive Directors are permitted to take on one non-executive position with another company and to retain their fees in respect of such position. Details of outside directorships held by the Executive Directors and any fees that they received are provided in the Annual Report on Remuneration.

The remuneration policy for the Chairman and Non-Executive Directors

The Non-Executive Directors do not have service contracts with the Company, but instead have letters of appointment.

Element	Purpose and link to strategy	Operation	Maximum opportunity
Fees	To attract and retain a high-calibre Chairman and Non-Executive Directors by offering a market competitive fee level.	<p>Fees are reviewed periodically and approved by the Board (or, in the case of the Chairman, by the Remuneration Committee), with Non-Executive Directors abstaining from any discussion in relation to their fees. Both the Chairman and the Non-Executive Directors are paid annual fees and do not participate in any of the Company's incentive arrangements, or receive any pension provision or other benefits.</p> <p>The Chairman receives a single fee covering all of his duties.</p> <p>The Non-Executive Directors receive a basic Board fee, with additional fees payable for chairing the Audit and Remuneration Committees and for performing the Senior Independent Director role.</p> <p>The Chairman and Non-Executive Directors shall be entitled to have reimbursed all expenses that they reasonably incur in the performance of their duties.</p>	<p>There is no prescribed maximum annual increase nor is there a cap on fees.</p> <p>The fee levels are reviewed on a periodic basis, with reference to the time commitment of the role and market levels in companies of comparable size and complexity.</p>

Letters of appointment

All Non-Executive Directors have letters of appointment with the Company for an initial period of three years, subject to annual re-appointment at the AGM. Appointment is terminable on six months' written notice. The appointment letters for the Non-Executive Directors provide that no compensation is payable upon termination of employment.

Letters of appointment are available for inspection at the Company's registered office.

Approach to recruitment

For the appointment of a new Chairman or Non-Executive Director, the fee arrangement would be set in accordance with the approved remuneration policy in force at that time.

The Directors have pleasure in submitting their Report and the audited financial statements of Auto Trader Group plc (the 'Company') and its subsidiaries (together the 'Group') for the financial year to 31 March 2017.

Statutory information

Information required to be part of the Directors' report can be found elsewhere in this document, as indicated in the table below and is incorporated into this Report by reference:

Section of Annual Report	Page reference
Employee involvement	Strategic report; corporate social responsibility (page 39)
Employees with disabilities	Strategic report; corporate social responsibility (page 43)
Financial instruments	Note 2 to the consolidated financial statements
Future developments of the business	Strategic report (pages 2 to 43)
Greenhouse gas emissions	Strategic report; corporate social responsibility (page 42)

Information required by LR 9.8

Information required to be included in the Annual Financial Report by LR 9.8 can be found in this document as indicated in the table below:

Section of Annual Report	Page reference
Allotment of shares during the year	Note 22 to the consolidated financial statements
Directors' interests	Remuneration report (page 67)
Significant shareholders	Directors' report (page 74)
Going concern	Risk management (page 32)
Long-term incentive schemes	Directors' remuneration report (pages 62 to 68)
Powers for the Company to buy back its shares	Directors' report (page 73)
Significant contracts	Directors' report (page 74)
Significant related party agreements	Directors' report (page 74)
Statement of corporate governance	Corporate governance statement (pages 44 to 72)

Management report

This Directors' report, on pages 73 to 75, together with the Strategic report on pages 2 to 43, form the Management Report for the purposes of DTR 4.1.5R.

The Strategic report

The Strategic report, which can be found on pages 2 to 43, sets out the Group's strategy, objectives and business model; the development, performance and position of the Group's business (including financial and operating key performance indicators); a description of the principal risks and uncertainties; and the main trends and factors likely to affect the future development, performance and position of the Group's business.

UK Corporate Governance Code

The Company's statement on corporate governance can be found in the Corporate governance statement, the Report of the Nomination Committee, the Report of the Audit Committee and the Directors' remuneration report on pages 44 to 72, all of which form part of this Directors' report and are incorporated into it by reference.

2017 Annual General Meeting

The Annual General Meeting ('AGM') will be held at 10.00 am on 21 September 2017 at the Company's registered office at 4th Floor, 1 Tony Wilson Place, Manchester, M15 4FN. The Notice of Meeting sets out the resolutions to be proposed and specifies the deadlines for exercising voting rights and appointing a proxy or proxies to vote in relation to resolutions to be passed at the AGM. All proxy votes will be counted and the numbers for, against or withheld in relation to each resolution will be announced at the AGM and published on the Company's website.

Board of Directors

The following individuals were Directors of the Company for the whole of the financial year ending 31 March 2017, and to the date of approving this report unless otherwise stated:

- Ed Williams
- Trevor Mather
- Sean Glithero
- David Keens
- Jill Easterbrook
- Jeni Mundy

Nathan Coe was appointed as a Director on 1 April 2017. All Directors will stand for election or re-election at the 2017 AGM in line with the recommendations of the Code.

Appointment and replacement of Directors

At each Annual General Meeting each Director then in office shall retire from office with effect from the conclusion of the meeting. When a Director retires at an Annual General Meeting in accordance with the Articles of Association of the Company, the Company may, by ordinary resolution at the meeting, fill the office being vacated by re-electing the retiring Director. In the absence of such a resolution, the retiring Director shall nevertheless be deemed to have been re-elected, except in the cases identified by the Articles.

Results and dividends

The Group's and Company's audited financial statements for the year are set out on pages 79 to 122.

The Company declared an interim dividend on 10 November 2016 of 1.7 pence per share which was paid on 27 January 2017.

The Directors recommend payment of a final dividend of 3.5 pence per share (2016: 1.0 pence per share) to be paid on 29 September 2017 to shareholders on the register of members at 1 September 2017, subject to approval at the 2017 AGM.

Amendment of the Articles

The Company's Articles of Association may only be amended by a special resolution at a general meeting of shareholders. No amendments are proposed to be made to the existing Articles of Association at the forthcoming AGM.

Authority to allot shares

Under the 2006 Act, the Directors may only allot shares if authorised to do so by shareholders in a general meeting. The authority conferred on the Directors at the 2016 AGM under section 551 of the 2006 Act expires on the date of the forthcoming AGM, and ordinary resolution 13 seeks a new authority to allow the Directors to allot ordinary shares up to a maximum nominal amount of £6,498,786 (649,878,622 shares, representing approximately two thirds of the Company's existing share capital at 8 June 2017), of which 324,890,572 shares (representing approximately one third of the Company's issued ordinary share capital) can only be allotted pursuant to a rights issue. The Directors have no present intention of exercising this authority which will expire at the conclusion of the AGM in 2018 or 20 December 2018 if earlier.

Authority to purchase own shares

The Company commenced a share buyback programme during the year. By resolutions passed at the 2016 AGM the Company was authorised to make market purchases of up to 99,905,974 of its

ordinary shares, subject to minimum and maximum price restrictions. A total of 26,292,510 ordinary shares of £0.01 each were purchased in the year to 31 March 2017, being 2.63% of the shares in issue at the time the authority was granted. The average price paid per share was 387.9p with a total consideration paid (inclusive of all costs) of £102.6 million. 4,211,957 shares were purchased to be held in treasury with the remainder having been cancelled. The Directors will seek authority from shareholders at the forthcoming AGM for the Company to purchase, in the market, up to a maximum of 10% of its own ordinary shares (excluding shares held in treasury) either to be cancelled or retained as treasury shares.

Share capital and control

The Company's issued share capital comprises ordinary shares of £0.01 each which are listed on the London Stock Exchange (LSE: AUTO.L). The ISIN of the shares is GB00BVYVFW23.

The issued share capital of the Company as at 31 March 2017 and 8 June 2017, comprises 978,971,146 of £0.01 each. 4,203,277 shares are held in treasury. Further information regarding the Company's issued share capital and details of the movements in issued share capital during the year are provided in note 22 to the Group's financial statements. All the information detailed in note 22 forms part of this Directors' report and is incorporated into it by reference.

Details of employee share schemes are provided in note 26 to the Group financial statements.

Rights attaching to shares

All shares have the same rights (including voting and dividend rights and rights on a return of capital) and restrictions as set out in the Articles, described below. Except in relation to dividends which have been declared and rights on a liquidation of the Company, the shareholders have no rights to share in the profits of the Company. The Company's shares are not redeemable. However, following any grant of authority from shareholders, the Company may purchase or contract to purchase any of the shares on or off market, subject to the Companies Act 2006 and the requirements of the Listing Rules.

No shareholder holds shares in the Company which carry special rights with regard to control of the Company. There are no shares relating to an employee share scheme which have rights with regard to control of the Company that are not exercisable directly and solely by the employees, other than in the case of the Auto Trader Group Share Incentive Plan, where share interests of a participant in such scheme can be exercised by the personal representatives of a deceased participant in accordance with the Scheme rules.

Voting rights

Each ordinary share entitles the holder to vote at general meetings of the Company. A resolution put to the vote of the meeting shall be decided on a show of hands unless a poll is demanded. On a show of hands, every member who is present in person or by proxy at a general meeting of the Company shall have one vote. On a poll, every member who is present in person or by proxy shall have one vote for every share of which they are a holder. The Articles provide a deadline for submission of proxy forms of not less than 48 hours before the time appointed for the holding of the meeting or adjourned meeting. No member shall be entitled to vote at any general meeting either in person or by proxy, in respect of any share held by him, unless all amounts presently payable by him in respect of that share have been paid. Save as noted, there are no restrictions on voting rights nor any agreement that may result in such restrictions.

Restrictions on transfer of securities

The Articles do not contain any restrictions on the transfer of ordinary shares in the Company other than the usual restrictions applicable where any amount is unpaid on a share. Certain restrictions are also imposed by laws and regulations (such as insider trading and marketing requirements relating to close periods) and requirements of the Company's share dealing code whereby Directors and certain employees of the Company require approval to deal in the Company's securities.

Change of control

Save in respect of a provision of the Company's share schemes which may cause options and awards granted to employees under such schemes to vest on takeover, there are no agreements between the Company and its Directors or employees providing for compensation for loss of office or employment (whether through resignation, purported redundancy or otherwise) because of a takeover bid.

Significant contracts

The only significant agreements to which the Company is a party that take effect, alter or terminate upon a change of control of the Company following a takeover bid, and the effect thereof, are the Term Loan and Revolving Credit Facility agreements, which contain customary prepayment, cancellation and default provisions including, if required by a lender, mandatory prepayment of all utilisations provided by that lender upon the sale of all or substantially all of the business and assets of the Group or a change of control.

Interests in voting rights

At the year end the Company had been notified, in accordance with Chapter 5 of the Financial Conduct Authority's Disclosure and Transparency Rules, of the following significant interests in the issued ordinary share capital of the Company:

Shareholder	At 31 March 2017		At 8 June 2017	
	Number of ordinary shares/voting rights notified	Percentage of voting rights over ordinary shares of £0.01 each	Number of ordinary shares/voting rights notified	Percentage of voting rights over ordinary shares of £0.01 each
Blackrock Inc.	107,192,743	10.99%	107,294,221	11.00%
CI Investments Inc.	39,159,255	4.02%	38,505,377	3.93%

Transactions with related parties

There were no related party transactions in the year, other than compensation paid to Directors and Key Management as disclosed in note 6 to the Group financial statements.

Research and development

Innovation, specifically in software, is a critical element of Auto Trader's strategy and therefore of the future success of the Group. Accordingly, the majority of the Group's research and development expenditure is predominantly related to this area. Since 30 September 2013, the Group has changed its approach to technology development such that the Group now develops its core infrastructure through small-scale, maintenance-like incremental improvements, and as a result the amount of capitalised development costs has decreased as less expenditure meets the requirements of IAS 38 Intangible assets.

Indemnities and insurance

The Company maintains appropriate insurance to cover Directors' and officers' liability for itself and its subsidiaries and such insurance was in force for the whole of the financial year ending 31 March 2017. The Company also indemnifies the Directors under a qualifying indemnity for the purposes of section 236 of the Companies Act 2006: in the case of the Non-Executive Directors in their respective letters of appointment and in the case of the Executive Directors in a separate deed of indemnity. Such indemnities contain provisions that are permitted by the Director Liability provisions of the Companies Act and the Company's Articles.

Environmental

Information on the Group's greenhouse gas emissions is set out in the Corporate Social Responsibility section on page 42 and forms part of this report by reference.

Political donations

There were no political donations made during the year or the previous year.

Post balance sheet events

On 25 April 2017, Auto Trader Limited, a subsidiary of the Group, acquired 100% of the share capital of Motor Trade Delivery Limited ('MTD') for an undisclosed sum. MTD revenues and profits for their last financial year end were less than 1% of the revenue and profits of the Group. The acquisition accounting has not yet been concluded as of the date of this report.

External branches

The Group had no active registered external branches during the reporting period.

Financial instruments

Details of the financial risk management objectives and policies of the Group, including hedging policies and exposure of the entity to price risk, credit risk, liquidity risk and cash flow risk, are given in note 2 to the consolidated financial statements.

Disclosure of information to auditors

Each of the Directors has confirmed that:

- so far as the Director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- the Director has taken all the steps that he/she ought to have taken as a Director to make him/herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006.

Statement of Directors' responsibilities in respect of the Annual Report and the Financial Statements

The Directors are responsible for preparing the Annual Report and the Group and parent company financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare Group and Company financial statements for each financial year. Under that law the Directors are required to prepare the Group financial statements in accordance with International Financial Reporting Standards ('IFRSs') as adopted by the European Union ('EU'), and have elected to prepare the parent company financial statements in accordance with UK Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102).

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and parent company and of the profit or loss for that period. In preparing each of the Group and parent company financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- for the Group financial statements, state whether they have been prepared in accordance with IFRSs as adopted by the EU;
- for the parent company financial statements, state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the parent company financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and the parent company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent company's transactions and disclose with reasonable accuracy at any time the financial position of the parent company and enable them to ensure that its financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

Under applicable law and regulations, the Directors are also responsible for preparing a Strategic Report, Directors' Report, Directors' Remuneration Report and Corporate Governance Statement that complies with that law and those regulations

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Responsibility statement of the Directors in respect of the annual financial report

The Directors confirm, to the best of their knowledge:

- the financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole; and
- the Strategic report includes a fair review of the development and performance of the business and the position of the issuer and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

The Directors consider that the Annual Report and Financial Statements, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy.

Approval of Annual Report

The Strategic report and the Corporate governance report were approved by the Board on 8 June 2017.

Approved by the Board and signed on its behalf.

Claire Baty

Company Secretary
8 June 2017